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T H E B E E F C A T T L E S I T U A T I O N

Summary

The number of cattle slaughtered under Federal inspection during the first 4 months of 1939 totaled 8 percent less than in the corresponding period of 1938, the Bureau of Agricultural Economics reports. The average weight of cattle slaughtered, however, was somewhat heavier than that of a year earlier.

Unless drought recurs, numbers of cattle for slaughter are expected to continue smaller than last year throughout most if not all of 1939, chiefly because of the tendency to hold a larger proportion of breeding stock on farms to increase herds. Consumer demand for meats probably will remain stronger than a year earlier through the summer at least.

In parts of Texas and California, and in limited areas of other Western States, lack of rainfall had definitely reduced prospects for ranges and pastures by May 1, and was beginning to result in some local increases in cattle marketings. Pasture condition in other parts of the country on May 1, however, was fairly good.

Both steer slaughter and cow and heifer slaughter so far this year have been below the slaughter of a year earlier. But with an increase in the number of cattle on feed (estimated to be 13 percent larger in the Corn Belt on April 1 this year than last), marketings of steers during the summer and fall months probably will equal or exceed those of last summer and fall.

The demand for meats apparently weakened somewhat in April and early May, and with seasonally larger marketings of grain-fed cattle, prices of the better grades of slaughter steers and heifers declined moderately. A marked reduction occurred in cow slaughter, however, and prices of all grades of cows held firm. Prices of stocker and feeder steers, which have been comparatively high, declined slightly with prices of the better grades of slaughter cattle.

Recent Publications

The following publications relating to livestock have been released recently by the Bureau of Agricultural Economics. Copies of these reports may be obtained upon request from the Division of Economic Information, Bureau of Agricultural Economics, Washington, D. C.

- (1) Income from Cattle and Calves, Calendar Years 1909-37
Part I, Section 4 of a series of reports on Income Parity for Agriculture.
- (2) Income from Sheep and Lambs, Wool and Mohair, Calendar Years 1909-38. Part I, Section 6 of a series of reports on Income Parity for Agriculture.
- (3) Farm Production and Income from Meat Animals by States, 1937-38.
- (4) Direct Buying of Slaughter Livestock by Regions, 1923-27.

REVIEW OF RECENT DEVELOPMENTS

Background.— Prices of the better grades of slaughter cattle advanced from February 1938 through March 1939. Prices of the lower grades of cattle declined seasonally during the summer months last year, but since October prices of such cattle also have advanced. Total cattle slaughter in 1938 was somewhat smaller than in 1937, although marketings of cows and heifers, as well as steers, were above average levels.

Prices of fed cattle decline

Prices of the better grades of slaughter steers and heifers declined in late April and early May. The decline was largely seasonal, resulting from increased marketings of grain-fed cattle, but apparently was due in part to some weakness in the demand for meats.

The average price of good grade steers at Chicago for the week ended May 13 was \$10.11 per 100 pounds, nearly 50 cents lower than a month earlier, but more than \$1.50 higher than a year earlier. Prices of stocker and feeder steers also declined beginning in late April, but in early May were nearly \$1.50 higher than a year earlier.

In contrast to the course of prices for steers and heifers, prices of most grades of slaughter cows held steady during April and early May, while prices of cutter grades of all classes of cattle advanced to the highest level for the year, and also to the highest level since 1930. The average price of good grade slaughter cows at Chicago, for the week ended May 13, was \$7.55, about the same as a month earlier, but 65 cents higher than a year earlier. Although marketings of grain-fed cattle increased seasonally in late April, a sharp decrease occurred in marketings of the lower grades of cattle.

Cattle marketings reduced

The number of cattle slaughtered under Federal inspection in April totaled 677,000 head, 12 percent less than in March and 10 percent less than in April 1938. Inspected calf slaughter in April also was smaller than that of a month, and a year, earlier.

For the first 4 months of 1939, inspected cattle slaughter totaled 8 percent less than in the corresponding period of 1938, with reductions in slaughter of both cows and heifers, and steers. The average weight of cattle slaughtered, however, was somewhat greater than in the corresponding period of 1938. Inspected calf slaughter for the first 4 months of 1939 totaled 5 percent less than a year earlier.

Range and pasture conditions poor in some Western States

May 1 condition of pastures, ranges, and hay crops, for the country as a whole, was below that of 1938 and below the average for the 10 years prior to 1934, but was higher than in most years from 1934 to 1937. In parts of Texas and California, and in limited areas of other Western States, lack of rainfall had definitely reduced prospects for ranges and pastures by May 1, and was beginning to result in some local increases in cattle market-

ings. Dry weather prevailed during April and early May in the Pacific Coast States, Idaho and Arizona, and in the Great Plains area from North Dakota to Texas.

Despite poor pasture and range conditions in the West, feed-grain supplies are everywhere abundant and cheap. May 1 farm stocks of hay totaling 16,194,000 tons - equal to about one-fifth of a year's production - were 28 percent larger than those of a year earlier and were the largest for that date since 1921. Thus, even if western pastures and ranges should deteriorate further under continued dry weather conditions, no pronounced liquidation of cattle such as took place in 1934 and 1936 seems likely.

Imports of light-weight cattle from Mexico continue large

Imports of cattle during March consisted chiefly of light non-quota cattle weighing 200-699 pounds (duty 2.5 cents per pound), almost all of which originated in Mexico. Approximately 71,000 head of such cattle were imported during the month, the largest for all months of record. Imports of calves from both Canada and Mexico also were fairly large in March, totaling 17,000 head. All cattle imported during the month totaled 91,000 head - more than in February, but fewer than in January when imports of heavy quota cattle were large.

For the first 3 months of 1939, imports of heavy quota cattle (700 pounds and over) totaled 63,000 head, slightly more than the number permitted entry at the reduced duty of 1.5 cents, but fewer than were imported in the corresponding period in 1937. Unusual features were the bunching of imports of heavy cattle in the early part of the quarter, and the large imports of light cattle and calves from Mexico. The number of light cattle and calves imported from Mexico was the largest on record, reflecting the strong demand for stocker and feeder cattle in this country, drought in parts of northern Mexico, and the unsettled economic situation in that country.

Table 1.-Cattle imports from Canada, Mexico, and all countries, by weight groups, January-March, 1936-39

Period:	Canada				:	Mexico				:	All countries			
	:Less	: 200-	: 700	:		:Less	: 200-	: 700	:		:Less	: 200-	: 700	:
than	than	699	lb.	: All	than	than	699	lb.	: All	than	than	699	lb.	: All
: 200	: lb.	: and	: cattle	: 200	: lb.	: and	: cattle	: 200	: lb.	: and	: cat	: lb.	: and	: cat
: lb.	: 2/	: over	:	: lb.	: 2/	: over	:	: lb.	: 2/	: over	: tle	: lb.	: 2/	: over
: 1/	:	: 3/	:	: 1/	:	: 3/	:	: 1/	:	: 3/	:	: 1/	:	: 3/
Jan.-	:Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-	Thou-
Mar. :	:sands	sands	sands	sands	sands	sands	sands	sands	sands	sands	sands	sands	sands	sands
1936	: 4	2	32	40	*	49	11	61	4	52	43	102		
1937	: 18	2	50	73	*	56	14	71	18	59	64	145		
1938	: 13	1	14	31	*	49	10	60	13	50	25	90		
1939	: 15	1	35	54	17	176	28	221	32	177	63	275		

Compiled from reports of the United States Department of Commerce.

1/ Less than 175 pounds prior to 1939. 2/ 175-699 pounds prior to 1939.

3/ Excluding cattle imported for dairy purposes. *Less than 500 head.

Under the quota arrangement whereby the first 60,000 head of heavy cattle - 52,000 head from Canada, 8,000 head from all other countries - are permitted entry at one-half the full duty of 3 cents in the April-June quarter, more than 23,000 head of such cattle were imported in the first 2 weeks of April. The Mexican share of the quota was about filled, with most of the Mexican cattle being withdrawn from bonded pastures in this country.

OUTLOOK

The outlook for beef cattle has not changed materially since the issuance of the Beef Cattle Situation in April, except that the condition of ranges and pastures has deteriorated in the Great Plains area and in some Western States. The supply of grain-fed cattle, however, is still expected to be larger than that of a year earlier through the early fall at least, with the largest increases over last year occurring in July and August.

Inspected steer slaughter during the first quarter of 1939 was about 9 percent smaller than the large slaughter of the first quarter of 1938, but was somewhat larger than the 1924-33 average slaughter for the 3-month period. A seasonal increase in steer slaughter is now under way. Present indications are that such slaughter will equal or exceed that of a year earlier during the summer and early fall.

Cow and heifer slaughter, however, is likely to continue below that of 1938 during most if not all of 1939, unless severe drought recurs this year. Hence if weather conditions are about normal during the remainder of the year, total cattle slaughter may be expected to continue smaller than in 1938, although the number and proportion of well-finished cattle will be larger than a year earlier.

The demand for meats apparently has weakened somewhat in the past 2 months, but is still considerably stronger than that of a year ago. Industrial activity, consumers' incomes, and the demand for meats are expected to continue stronger than last year through the summer at least.

Table 2.- Price per 100 pounds of cattle and calves, April 1939,
with comparisons

Item	Apr. : average: 1924-33	Apr. : 1937	Apr. : 1938	Feb. : 1939	Mar. : 1939	Apr. : 1939
	Dol.	Dol.	Dol.	Dol.	Dol.	Dol.
Beef steers sold out of first hands at Chicago:						
Choice and Prime.....	11.12	14.32	9.43	11.98	12.45	12.10
Good.....	10.20	11.15	8.49	10.23	10.64	10.33
Medium.....	9.18	9.31	7.82	8.94	9.20	9.09
Common.....	8.06	7.75	7.08	8.09	8.31	8.20
All grades.....	9.67	10.75	8.63	10.17	10.29	10.02
Cows, Chicago:						
Good.....	1/7.04	7.60	6.92	7.00	7.45	7.60
Low cutter and cutter.....	2/4.44	4.82	4.84	4.94	5.12	5.22
Vealers, Chicago:						
Good and Choice.....	9.61	9.18	8.48	10.86	10.38	9.28
Stocker and feeder steers, Kansas City:						
500-800 pounds,						
Good and Choice.....	3/	7.83	7.68	8.88	9.38	9.37
800-1050 pounds,						
Good and Choice.....	3/	8.52	7.58	8.75	9.28	9.21
Average price paid by packers:						
Cattle.....	8.05	8.22	7.27	7.87	8.03	
Calves.....	8.88	7.99	7.99	9.24	8.90	
Average wholesale price of packer hides, Chicago: 4/						
Heavy native steers.....	12.76	17.12	9.50	10.28	10.53	9.34
Light native cows.....	12.23	16.25	8.47	10.12	10.50	9.41

1/ Good and Choice, 1924-27.

2/ Canner and Cutter, 1924 - June 1926.

3/ Not available.

4/ 1924-37, from annual reports of the Chicago Board of Trade; 1938 and 1939 from The National Provisioner, simple average of weekly quotations.

Table 3.- Slaughter and market supplies of cattle and calves, specified periods

Item	:	Unit	Year		Month		
			Average:	1938	Apr. :	Mar. :	Apr.
			:1924-33:		: 1938 :	: 1939 :	: 1939
Slaughter under Federal inspection:	:	:	:	:	:	:	:
Number slaughtered: 1/	:	Thou-	:	:	:	:	:
Cattle	:	sands	:	8,850 9,776	749	774	677
Calves	:	do.	:	4,819 5,492	502	478	457
Beef steers sold out of first hands	:	:	:	:	:	:	:
at Chicago:	:	:	:	:	:	:	:
Choice and Prime	:	do.	:	159 275	19	7	5
Good	:	do.	:	471 408	36	33	33
Medium	:	do.	:	416 167	13	23	21
Common	:	do.	:	105 29	2	4	2
All grades 2/	:	do.	:	1,151 879	70	67	61
Receipts of cattle at seven markets 3/	:	do.	:	4/8,044 7,094	470	5/496	5/438
	:	:	:	:	:	:	:
	:	:	:	Year	:	Month	:
	:	:	:	Average:	Mar. :	Feb. :	Mar.
	:	:	:	:1924-33:	: 1938 :	: 1939 :	: 1939
Slaughter under Federal inspection:	:	:	:	:	:	:	:
Number slaughtered:	:	Thou-	:	:	:	:	:
Cows and heifers	:	sands	:	4,181 4,864	377	312	371
Steers	:	do.	:	4,340 4,516	406	315	370
Average live weight:	:	:	:	:	:	:	:
Cattle	:	Pound	:	953 921	927	942	945
Calves	:	do.	:	176 189	163	179	168
Average dressed weight:	:	:	:	:	:	:	:
Cattle	:	do.	:	516 494	503	508	513
Calves	:	do.	:	101 106	97	100	95
Total dressed weight:	:	:	:	:	:	:	:
Cattle	:	Mil.lb.	:	4,532 4,798	405	330	394
Calves	:	do.	:	487 581	49	38	45
Stocker and feeder shipments from	:	:	:	:	:	:	:
public stockyards: 6/	:	Thou-	:	:	:	:	:
Cattle	:	sands	:	3,073 2,949	184	157	195
Calves	:	do.	:	365 666	48	56	57
Imports:	:	:	:	:	:	:	:
Cattle 7/	:	do.	:	253 434	43	70	91
Canned beef 8/	:	Mil.lb.	:	9/ 36 79	6	3	6

1/ Bureau of Animal Industry. 2/ Totals of unrounded numbers. 3/ Chicago, Kansas City, Omaha, East St. Louis, St. Joseph, Sioux City, and St. Paul.

4/ Average 1929-33. 5/ Receipts for sale only - excludes through shipments not offered for sale and directs. 6/ Approximately 62 public stockyards prior to 1936, when the number was increased to 69. 7/ United States Department of Commerce. General imports prior to 1934; beginning January 1, 1934, imports for consumption. 8/ United States Department of Commerce. Imports for consumption. 9/ Figures include "other canned meats" prior to 1929.

